

Message Text

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USEEC

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TAGS:ETRD, EAGR, GATT, EEC

SUBJECT: BERGLAND - GUNDELACH MEETING: TOPICS FOR
DISCUSSION

REF: USEC - RPE TELECON 7/1/77

1. FOLLOWING IS A PRECIS OF THE BRIEFING PAPER PREPARED
FOR SECRETARY BERGLAND'S MEETING WITH GUNDELACH. A COPY
OF THE PAPER IS BEING SENT VIA INTERNATIONAL AIRMAIL, AND
SHOULD REACH THE MISSION JULY 4.

US OBJECTIVES:

1. STABILITY IN FOOD MARKETS -- ESPECIALLY GRAINS

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2. EXPANSION OF AGRICULTURAL TRADE THROUGH REDUCTION OF
TRADE BARRIERS

3. IMPROVEMENT OF LDC FOOD SUPPLY AND ECONOMIC DEVELOPMENT

SUBJECTS FOR DISCUSSION:

GRAIN PRICE STABILIZATION: WE ACCEPT GOAL OF STABILIZATION,
BUT MUST KNOW WHAT EC IS WILLING TO CONTRIBUTE.

QUESTIONS:

A. WHAT OBLIGATIONS WOULD EXPORTERS AND IMPORTERS ASSUME
IF PRICES BROKE THROUGH CEILING OR FLOOR?

B. HOW WOULD WHEAT FLOUR BE TREATED IN A WHEAT AGREEMENT?

C. WHAT LEVEL OF STOCKS IS NEEDED TO PROVIDE STABILITY?

D. WHAT STOCKHOLDING OBLIGATIONS WOULD EC ASSUME?

E. WOULD EC CONSIDER ACTIONS OTHER THAN HOLDING STOCKS
(E.G. LIMITING EXPORT SUBSIDIES AND/OR IMPORT LEVIES,
CONTROLLING PRODUCTION IN TIMES OF LOW PRICES)?

2. EXPORT SUBSIDIES: WE NEED TO TEST EC POSITION,
EXPOUNDED BY RABOT DURING HIS VISIT TO THE US, THAT THE
EC WILL ONLY DISCUSS SUBSIDIES IN THE CONTEXT OF GATT
ART. XVI.

QUESTIONS:

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A. WOULD THE COMMUNITY ACCEPT A RULE THAT AGRICULTURAL
EXPORT SUBSIDIES SHOULD BE ELIMINATED, IF NEGOTIATIONS TO
THAT END ALLOW FOR EXCEPTIONS?

B. IF SO, CAN EXCEPTIONS BE MADE ON A TEMPORARY BASIS
ONLY?

C. CAN THE EC AGREE TO ELIMINATE SUBSIDIES OVER SOME
PERIOD OF TIME?

D. WOULD THE COMMUNITY AGREE TO USE EXPORT SUBSIDIES
ONLY WHEN THERE IS PRIOR AGREEMENT AMONG OTHER EXPORTING
COUNTRIES THAT UNUSUAL MARKETING CONDITIONS MAKE
SUBSIDIES NECESSARY?

E. IF THE EC IS UNWILLING TO TREAT ALL SUBSIDIES BY A
GENERAL RULE, ARE THERE SOME PRODUCT AREAS WHERE THE EC
COULD AGREE TO ELIMINATE OR REDUCE SUBSIDIES?

F. WHAT WAS MEANT BY THE NOTION THAT "SOME LEVEL" OF EC
AGRICULTURAL EXPORTS MUST CONTINUE TO BE SUBSIDIZED?

3. VARIABLE LEVIES: RABOT'S GENERAL POSITION WAS THAT LEVIES ARE NOT NEGOTIABLE. WE SHOULD PROBE FOR EXCEPTIONS TO THIS GENERAL PROPOSITION.

QUESTIONS:

A. WOULD THE EC CONSIDER PUTTING CEILINGS ON VARIABLE LEVIES? HOW ABOUT LIMITING LEVIES WITHIN A QUOTA?

B. WOULD THE EC CONSIDER NEGOTIATING ON THE FIXED COMPONENT OF THE TWO-PART LEVY ON PROCESSED PRODUCTS SUCH AS POULTRY, CANNED FRUIT, ETC.

C. WOULD THE EC BE WILLING TO ADJUST ITS LEVY SYSTEM LIMITED OFFICIAL USE

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SO AS TO SET THRESHOLD PRICES CLOSER TO SUPPORT PRICES, OR TO CALCULATE LEVIES ON THE BASIS OF AVERAGE WORLD PRICES INSTEAD OF LOWEST AVAILABLE QUOTATIONS?

D. WOULD THE EC BE WILLING TO MAKE QUANTITATIVE PURCHASE COMMITMENTS SO AS TO GUARANTEE A CERTAIN LEVEL OF IMPORTS REGARDLESS OF THE LEVY?

4. AGRICULTURAL PRODUCTS NOT COVERED BY A CAP:

WE SHOULD ASK VICE-PRESIDENT GUNDELACH FOR HIS FRANK OPINION ON THE LIKELIHOOD THAT THE COMMUNITY WILL MAKE SIGNIFICANT TARIFF AND NON TARIFF CONCESSIONS ON THESE PRODUCTS. IN THE CASE OF MINIMUM IMPORT PRICES, WE MIGHT PROBE WHETHER THE EC WOULD COMMIT ITSELF NOT TO EXTEND THIS BARRIER TO ADDITIONAL PRODUCTS.

5. LDCS: THE EC HAS PREFERENTIAL AGREEMENTS WITH SOME LDCS OUTSIDE OF ITS GSP. THE EC IS PROBABLY MORE WILLING THAN THE US TO EXTEND PREFERENTIAL ARRANGEMENTS WITH LDCS, PROBABLY BY WAY OF A WORLD-WIDE STABEX.

QUESTIONS:

A. HOW DOES THE COMMUNITY INTEND TO NEGOTIATE TARIFF CONCESSIONS ON COMMODITIES IT IMPORTS LARGELY FROM LDC'S?

B. HOW DOES THE COMMUNITY BELIEVE THE GATT SHOULD BE CHANGED TO ALLOW PREFERENTIAL TREATMENT FOR LDC'S?

C. WHAT KINDS OF PREFERENTIAL TREATMENT SHOULD BE INCORPORATED IN THE MTN NON TARIFF MEASURE CODES -- E.G. LIMITED OFFICIAL USE

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ON SUBSIDIES AND COUNTERVAILING DUTIES.

D. WHAT KINDS OF GUIDING PRINCIPLES WOULD THE COMMUNITY LIKE TO SEE COME OUT OF THE UNCTAD COMMON FUND NEGOTIATIONS THIS FALL?

E. UNDER WHAT CIRCUMSTANCES WILL THE COMMUNITY PARTICIPATE IN COMMODITY AGREEMENTS DESIGNED TO STABILIZE THE PRICES OF COMMODITIES OF PARTICULAR INTEREST TO THE DEVELOPING COUNTRIES.

F. UNDER WHAT CIRCUMSTANCES WILL THE COMMUNITY PARTICIPATE IN COMMODITY AGREEMENT DESIGNED TO TRANSFER EXPORT INCOME TO THE DEVELOPING COUNTRIES?

2. ABOVE IS INTERNAL USDA PAPER WHICH HAS NOT BEEN CLEARED BY OTHER AGENCIES. YOU MAY DRAW ON IT TO ALERT GUNDELACH TO THE GROUND USDA EXPECTS TO BE COVERED IN HIS MEETING WITH SECRETARY BERGLAND. CHRISTOPHER

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